



NEWS RELEASE

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FOR IMMEDIATE RELEASE

STATE PRISON INMATES INDICTED FOR INCOME TAX REFUND SCHEME

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced today that five former inmates of the Moberly Correctional Center in Moberly, Mo., have been indicted by a federal grand jury for participating in a conspiracy to receive income tax refunds by submitting false returns to the Internal Revenue Service.

John V. Frentzel, 41, of Columbia, Mo.; **Linden James Schuster**, 44, of Lexington, Mo.; **Dusty A. McSparran**, 28, of Lee's Summit, Mo.; **Russell D. Kilgore**, 41, of Excelsior Springs, Mo.; and **Gary Sembler**, 54, of Independence, Mo., were charged in a 56-count indictment returned under seal on Sept. 9, 2004, by a federal grand jury in Kansas City. That indictment was unsealed and made public today upon the arrest and initial court appearance of **Frentzel**.

Count One of the federal indictment alleges that all of the defendants participated in a conspiracy to defraud the United States by obtaining tax refunds for themselves and others by means of fraudulent claims. They allegedly caused 85 false returns to be filed, receiving approximately \$29,507 in tax refunds to which they were not entitled. According to the indictment, 27 participants actually received refunds ranging from \$331 to \$355, while the other participants did not receive refunds.

According to the indictment, **Frentzel** and **Schuster** recruited other inmates of the Moberly Correctional Center to file fraudulent federal income tax returns under their own names and Social Security numbers, charging them \$100 to participate in the scheme. **Schuster** allegedly acted as the enforcer to collect the \$100 from inmates participating in the scheme. **Frentzel** allegedly prepared false returns for himself and others using Forms 1040 EZ, falsely reporting more than \$4,000 in wages and no withholdings, and claiming that each was entitled to an Earned Income Credit and tax refund.

Frentzel and **Schuster** mailed completed returns from the prison to unincarcerated co-conspirators and individuals, who mailed them to the IRS Service Center in Kansas City, Mo. **McSparran** called the IRS to obtain updates on the status of the refunds, and advised **Frentzel** when the refunds were to be released.

Kilgore and **Sembler**, once they were released from incarceration, provided assistance on the outside by allowing the use of their addresses on inmates' returns, mailing completed returns to the IRS, and receiving refund checks for inmates. **Kilgore** also allowed the use of his mother's address in Richmond, Mo., on inmates' returns and to receive refund checks for inmates. **Sembler**, after being released, also cashed refund checks for inmates.

Counts Two through Twenty-Eight of the federal indictment allege separate instances, from Feb. 19, 2000, to April 28, 2001, in which the defendants filed false income tax returns, as a result of which tax refunds were paid.

Counts Twenty-Nine through Fifty-Six of the federal indictment allege separate instances from March 30 to April 15, 2002, in which **Frentzel**, **Schuster** and **McSparran** prepared false income tax returns and sent them to an individual to submit to the Internal Revenue Service. No refunds were paid on those claims.

Graves cautioned that the charges contained in the indictment are simply accusations, and not evidence of guilt. Evidence supporting the charges must be presented to a federal trial jury, whose duty is to determine guilt or innocence.

This case is being prosecuted by Assistant U.S. Attorney Linda Parker Marshall. It was investigated by the Internal Revenue Service.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at
www.usdoj.gov/usao/mow